HST Implementation for P.E.I. Firms
(PCLaw® 10 and higher)

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Effective April 1, 2013 — Harmonized Sales Tax (HST) will replace GST/PST

The HST will have a combined tax rate of 14%, consisting of the 5% GST and a 9% PST. For further details about this change, please visit the Government of Prince Edward Island's website at www.peihst.ca.

All Firms — Consult with your PCLaw Certified Independent Consultant (CIC), your tax advisor or your accountant before implementing any of the following PCLaw changes as tax implications may exist. You must bill all of your PCLaw files up to and including March 31, 2013, before implementing these changes. Ensure that you make a backup of your data prior to implementing the steps below.

Firms That Use Memorized Transactions — If the memorized transaction function is activated, you will notice that whenever you enter a payee's name into a cheque screen and hit the "Tab" key, PCLaw will prepopulate the amount, taxes, explanation and G/L account. PCLaw does this because it memorizes the details of the last cheque that you wrote of this payee. With the HST implementation, cheques that were once subject to GST may now be subject to HST. If you enter a payee's name on a cheque screen and hit "Tab" and notice the prepopulated tax amount needs to reflect HST as opposed to GST, simply remove the amount and enter the correct one. This action will force PCLaw to memorize the new tax value going forth.

How to Update Your PCLaw Settings before You Perform Your April Billing

Note: You must bill all of your PCLaw files up to and including March 31, 2013, before implementing the following changes.

1. If your firm has GST/PST exempt matters, please complete the following steps and save the following reports for your records. Otherwise, proceed to step 2.

    a. Run the list of clients report and use the "Adv. Search" function to identify matters currently not subject to GST

Field	Comparison	Compare To
GST Fees	Is Equal To	0

    b. Run the list of clients report and use the "Adv. Search" function to identify matters currently not subject to PST.

Field	Comparison	Compare To
PST Fees	Is Equal To	0

2. Update the tax defaults in the "System Settings."

    a. Go to the "Options > System Settings > Tax" tab.
    b. Adjust the settings as shown in the **image to the right**.
    c. Select "OK" to apply the changes.
    d. The following window appears.
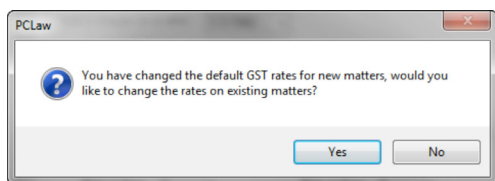
    e. Select "Yes" to apply the change to existing matters in PCLaw.
    f. The "Change Matter GST Rates" window appears.

    g. Select "OK" to perform the required changes.

3. **Change ALL tax exempt matters to a taxable status.** (Perform **ONLY IF** all matters will now be subject to HST and you have no files that are exempt from taxes.)

   a. From the "File" menu, select "Matter and Global Change."
   b. The "Select Matters to View" window appears.

   c. Select "OK."
   d. The following window appears.

   e. Select "OK" again. The "Matters - Global Change" window appears.
   f. Select the "Billing" tab and go to the "Taxes" section.
   g. Select "GST on Fees" and enter "14" in the box.
   h. Select "GST on Disbs" and enter "14" in the box.
   i. Select "GST Category" and select "Y" from the drop-down list

   j. Select "OK" to proceed and select "Yes" for the following prompt.

4. **Change the tax status on individual matters (if any) that were previously tax exempt but are now subject to HST. (Skip this step if you completed Step 3.)**

   a. Identify matters where the tax status needs to change to HST (refer to the reports in Step 1).
   b. For each matter identified, go to "Matter Manager > Billing > Taxes" and set "Default GST Category" to "Y" and "GST on Fees" and "GST on Disbursements" to "14." Also, set "Sales Tax on Fees" to "0."
   c. "Save" and "Close" to complete the changes.

5. Identify billing templates where the GST label needs to change to HST (Optional).

   a. From the "Options" menu, click "System Settings" and select the "Billing" tab.

   b. In the "Default Template" section, note the names of the default templates used by PCLaw.

   c. If your firm uses customized billing templates for specific matters, you may choose to note those as well.

6. Edit billing templates to change the label from GST to reflect HST (Optional).

> **Note: l:** If you are unfamiliar with the PCLaw Template Editor, please contact a Certified Independent Consultant (CIC) for assistance at http://law.lexisnexis.com/spn.

   a. From the "Tools" menu, select "Template Editor."

   b. Choose "File" and "Open" and select billing from the drop-down list at the bottom of the screen.

   c. Locate the name of your template from the list.

   d. It may be helpful to have a sample copy of one of the firm's bills to compare to the template on the screen.

   e. Locate the "GST" reference(s) on the template.

   f. Double-click to edit the text and change "GST" to "HST" or "GST/HST." Select "OK."

   g. Repeat for other GST references on the template.

   h. To save your changes, choose "File" and "Save."

   i. Repeat this process for all other billing templates as required.

7. Change the name of G/L Account 2400 to reflect HST (Optional).

   a. From the "Options" menu, select "Lists and G/L Accounts" and highlight account 2400.

   b. Double-click "Change the description of G/L account 2400 (GST Payable)" to reflect "(HST Payable)."

8. Change PCLaw terminology to reflect HST (Optional).

   a. From the "Options" menu, select "Terminology."

   b. Locate "GST" in the "Replace" column and enter "HST" in the "With" column, as shown to the right.

   c. Select "OK" to save your changes.

   d. You must exit and reenter PCLaw for the changes to take effect.